

For immediate release

October 30, 2009

Name of the Company: MegaChips Corporation  
Representative: Yukihiro Ukai  
President and Representative Director  
(Code No. 6875, the First Section of the Tokyo Stock Exchange)  
Person to contact: Masayuki Fujii  
Director, Officer and General Manager  
of Finance & Accounting Office  
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### **Notice of Cancellation of Treasury Stock**

MegaChips Corporation has resolved at a meeting of its Board of Directors held today to cancel some of its treasury stock, pursuant to Article 178 of the Corporation Law of Japan. Details are as follows:

1. Class of Shares to Be Cancelled  
Shares of common stock of the Company
2. Total Number of Shares to Be Cancelled  
313,417 shares
3. Scheduled Date of Cancellation  
November 30, 2009

4. Reason for the Cancellation of Treasury Stock

The Company regards the appropriate return of profits to its shareholders as a major business imperative and is committed to returning profits in accordance with its operating results. The Company's basic principles in this regard have been presented in (3) Basic principles concerning the distribution of profits and dividends for the fiscal year under review and the next fiscal year on pages 5 and 6 of the Summary of Financial Results for the Fiscal Year Ended March 31, 2009, announced on May 11, 2009.

The Company holds a certain number of shares of treasury stock, principally to meet demand created from the exercise of stock acquisition rights (stock options). To improve share value, the Company will cancel 313,417 shares of treasury stock (1.27% of the total number of issued shares before cancellation), the number believed to be surplus to requirements created by the exercise of stock options or requests for the purchase of odd-lot shares based on a resolution of the Ordinary General Meeting of Shareholders held on June 24, 2005.

5. Total Number of Issued Shares after Cancellation  
24,353,900 shares

(Reference) Status of the Company's shares as of September 30, 2009

1. Total number of issued shares (excluding treasury stock): 24,286,103 shares
2. Number of treasury stock: 381,214 shares